

August 25, 2006

Mr. Les Boles, Director  
Office of State Budget  
1201 Main Street, Suite 870  
Columbia, SC 29201

Dear Mr. Boles:

Accompanying this letter of transmittal are the completed forms for our FY2007/08 budget request. We have referenced each new request with the appropriate section of the Agency Activity Inventory, as well as, its relationship to the strategic goals, to provide support for each item. If you have questions regarding any part of the request, please contact me at (864) 391-2131, Ext. 113.

Our mission is to strengthen the children and families of South Carolina who have found it necessary for the child to be placed out of the home. Working with children to help them become reliable, contributing citizens of our state has been a primary objective of John de la Howe School for 209 years.

We value the support and working relationship we have with the Budget and Control Board through your office and we look forward to continuing this valuable service to South Carolina's children and families.

Sincerely,

Mark S. Williamson, MBA  
Superintendent

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## FISCAL YEAR 2007-08 BUDGET PLAN

## I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: *Section 4/L12/John de la Howe School*

B. *Statewide Mission: John de la Howe School, a state-supported residential group child care agency since 1918, was founded in 1797 through the will of Dr. John de la Howe. Our mission is to strengthen children and families from South Carolina who are experiencing difficulties to the extent that planned separation is necessary.*

C. Summary Description of Strategic or Long-Term Goals:

- (1) *To achieve and maintain, at minimum, 95% residential capacity.*
- (2) *To recruit and retain qualified employees.*
- (3) *To create a physical environment conducive to treatment by addressing longstanding deferred maintenance needs.*

D.

Summary of Operating Budget Priorities for FY 2007-08:		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.: <b>1</b>	Title: <b>Compensation Adjustment</b>	0	\$188,535	0	\$9,993	\$198,528	1	0	0	1.00
Strategic Goal No. Referenced in Item C Above ( <i>if applicable</i> ): <b>1 &amp; 2</b> Activity Number & Name: <b>All Activities</b>										
Priority No.: <b>2</b>	Title: <b>Inflation Adjustment</b>	0	\$20,000	0	0	\$20,000	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above ( <i>if applicable</i> ): <b>3</b> Activity Number & Name: <b>1117 Buildings &amp; Grounds;</b> <b>1118 Dietary</b> <b>1119 Garbage Pickup/Motor Vehicle Operations</b> <b>1120 Laundry/Supply/Housekeeping Services</b> <b>1121 Business Operations</b>										

Summary of Operating Budget Priorities for FY 2007-08:		FUNDING					FTEs			
		State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.:	Title:	0	0	0	0	0	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> Activity Number & Name:										
TOTAL OF ALL PRIORITIES		\$ 0	\$208,535	\$ 0	\$9,993	\$218,528	1.00	0.00	0.00	1.00

E. Agency Recurring Base Appropriation:

State	\$ 4,029,824
Federal	\$ 139,640
Other	\$ 870,146

- F. **Efficiency Measures:** • Restoration of Wilderness, Equine, and Farm programs • 25% increase in number of children served (FY05 to FY 06) • 95% census capacity in operating cottages • 62% of discharged students experienced progress in treatment • 72% reductions in turnover of historically high turnover, direct care positions (1<sup>st</sup> quarter FY06 to 4<sup>th</sup> quarter FY06) • 10% reduction in administrative level personnel cost through reorganization, while creating operational efficiencies • Returned to taxpayers of South Carolina \$10,000 of the agency's carryforward funds for FY07.

G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.: 1	<u>Project Name:</u> <i>Deferred Maintenance</i> Activity Number & Name: <i>1117 Building and Grounds; 1593 Therapeutic Wilderness Camping; 1124 Information Technology, I.</i>	Project No*:	\$292,000	0	0	\$292,000
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0

Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$292,000	\$ 0	\$ 0	\$292,000

\* If applicable

G. Number of Proviso Changes:

I. Signature/Agency Contacts/Telephone Numbers:

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## II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

- A. Agency Section/Code/Name: Section 4/L12/John de la Howe School
- B. Priority No. 1 of 2
- C. (1) Title: *Compensation Adjustment*  
(2) Summary Description: *This priority will provide for an increase in compensation for staff, with those individuals earning \$30,000 or less as primary benefactors, in order to strengthen retention while improving the agency's ability to attract qualified applicants to traditionally hard-to-fill positions.*  
(3) Strategic Goal/Action Plan (if applicable): *Applicable strategic goals include: (1) To achieve and maintain, at minimum, 95% residential capacity; (2) To recruit and retain qualified employees.*
- D. Budget Program Number and Name: *Agency-wide*
- E. Agency Activity Number and Name: *All Activities*
- F. Detailed Justification for Funding  
(1) Justification for Funding Increase: *John de la Howe School has been fortunate to secure and maintain a core of talented staff that is committed to providing high quality care to the children of John de la Howe School. This core of staff is responsible for the remarkable progress experienced by the agency. However, if not properly cared for, these staff are at risk of resembling a horse that has been ridden to hard without adequate food or water. Furthermore, in order to attract staff who are able to measure up to the agency's high standards, compensation must be commiserate with skills, abilities, and commitment required to help our children be successful.*

(2)

<b>FY 2007-08 Cost Estimates:</b>	<b>State Non-Recurring Funds</b>	<b>State Recurring Funds</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>					
(a) Number of FTEs*		1.00			1.00
(b) Personal Service		\$147,293		\$7,807	\$155,100
(c) Employer Contributions		\$41,242		\$2,186	\$43,428
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses		0			\$ 0
<b>Total</b>	\$ 0	\$188,535	\$ 0	\$9,993	\$198,528
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 4,029,824
Federal	\$ 139,640
Other	\$ 870,146

(4) Is this priority associated with a Capital Budget Priority?       No       If yes, state Capital Budget Priority Number and Project Name: \_\_\_\_\_.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification: *John de la Howe School currently utilizes one teacher to serve the 10 children in the Wilderness Program. However, it is expected that an additional 10-20 students will be served in FY08. This expansion requires the addition of another teacher in order to meet the academic needs of the children in the program.*

(b) Future Impact on Operating Expenses or Facility Requirements: *This position represents a recurring, yet necessary, fixed cost.*

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: <i>Classroom Teacher</i>					
(a) Number of FTEs	1.0				1.00
(b) Personal Service	\$33,500				\$33,500
(c) Employer Contributions	\$9,380				\$ 9,380

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

## II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: Section 4/L12/John de la Howe School

B. Priority No. 2 of 2

D. (1) Title: *Inflation Adjustment*

(2) Summary Description: *This priority will provide for an increase in the rising cost of utilities, fuel, food and the daily operating cost of maintaining an environment conducive to providing for the needs of our children.*

(3) Strategic Goal/Action Plan (if applicable):

D. Budget Program Number and Name: *IV. SUPPORT SERVICES: 4. BUILDING & GROUNDS and 3. DIETARY*

E. Agency Activity Number and Name: *1117 Building & Grounds; 1118 Dietary*

F. Detailed Justification for Funding

(1) Justification for Funding Increase: *While John de la Howe School has operated at the same base appropriation level for two consecutive years, the cost of doing business has continued to increase. The inflation adjustment is required to enable the agency to operate at a level equal to inflation, which as of July 19, 2006 was reported at 4.32% and since 2000 has averaged 2.69%.*

(2)

<b>FY 2007-08 Cost Estimates:</b>	<b>State Non-Recurring Funds</b>	<b>State Recurring Funds</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>					
(a) Number of FTEs*					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services		20,000			\$20,000
Pass-Through Funds					\$ 0
Other Operating Expenses					\$ 0
<b>Total</b>	\$ 0	\$20,000	\$ 0	\$ 0	\$20,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					



(3) Base Appropriation:

State	\$ 1,046,076
Federal	\$ 80,000
Other	\$ 305,194

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: \_\_\_\_\_.

G. Detailed Justification for FTEs

(2) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State 10

Federal           

Other           

Agency-wide Vacant FTEs as of July 31, 2006: 26.78

% Vacant 22.98 %

H. Other Comments:

### III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

- A. Agency Section/Code/Name: Section 4/L12/John de la Howe School
- B. Priority No. 1 of 1
- C. Strategic Goal/Action Plan (if applicable): *The applicable strategic goal for this priority is (3). To create a physical environment conducive to treatment by addressing longstanding deferred maintenance needs.*
- D. Project Name and Number (if applicable): *1117 Building & Grounds, IV; 1593 Therapeutic Wilderness Camping, III.B; 1124 Information Technology, I.*
- E. Agency Activity Number and Name: *1117 Building & Grounds, 1593 Therapeutic Wilderness Camping, 1124 Information Technology, I.*
- F. Description of Priority: *This priority allows for the maintenance and management of the State's physical resources located on the campus of John de la Howe School. Beneficiaries include South Carolina's children and families served by the agency.*
- G. Detailed Justification for Funding

(1) Justification for Funding Priority:

- A. *The student residence (cottage) HVAC units have reached the end of their economic lives, therefore, replacement of the HVAC units in all cottages is necessary in order to provide a physical environment conducive to the behavioral health treatment of the children in the agency's care. A cottage climate that is excessively cold or hot only serves to exacerbate the unhealthy behavioral health symptoms exhibited by the children.*

*Furthermore, HVAC replacement in the many multipurpose buildings throughout campus is necessary, as these units, ranging in age from 10 to 18 years, have also passed the end of their economic lives. Repair of these units during the past 2 fiscal years has cost the agency \$38,485 dollars and hundreds of hours of manpower.*

*HVAC replacement in one of the multipurpose buildings is necessary so the facility may be utilized to its maximum capacity. As the current HVAC unit is operating at only 50% capacity, use of the facility is currently dictated by the outside temperature which, given the general climate of South Carolina, often prohibits use between late spring and early fall.*

- B. The agency's need for the replacement of its telephone system has existed for nearly 3 years. Fortunately, the agency has shared a positive relationship with West Carolina Rural Telephone Cooperative, Inc. which has been willing to shoulder much of the financial burden associated with maintaining a crippled telephone system. However, John de la Howe School has been notified by the Cooperative that, effective August 31, 2006, it will no longer be able to provide such support. Rather, the Cooperative will begin providing support at its standard rates including the cost associated with locating parts for the obsolete system.*
- C. In order for the Wilderness Camp to reach it's full therapeutic value, the installation of a oven fire suppression hood in the Wilderness Camp kitchen is required per the Department of Health and Environmental Control.*
- D. In addition to the fire suppression hood, the Wilderness Camp is limited in its ability to fully serve the children in its care pending the replacement of certain components in the camp's refrigeration unit.*
- E. In order to prevent the deterioration of one of the staff residences, funding for window replacement is required. This priority complements the agency's strategy to fully utilize the on-campus housing as a means for generating revenue and securing necessary treatment services.*
- F. So the agency may fully utilize one of its more notable facilities known as "The Barn", the wheelchair lift permitting access to the second floor community room requires repair. Until such time the lift is repaired, use of the facility will be limited to the first floor.*

(2)

<b>Total Project Cost Estimates:</b>	<b>Additional State Funds</b>	<b>Previously Authorized State Funds</b>	<b>Total Other Fund Sources</b>	<b>Project Total</b>
Total Project Cost*	\$292.000			\$ 292,000

*\* If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.*

H. Justification for First Year Additional Future Annual Operating Costs:

(1) Will additional annual operating costs be absorbed into your existing budget? yes

If not, will additional state funds be needed in the future? \_\_\_\_\_

If state funds will not be needed in the future, explain the source(s) that will be used. \_\_\_\_\_

(2) First Fiscal Year Additional Annual Operating Costs Are Anticipated: \_\_\_\_\_ Will this fiscal year require a partial or full year's operating funds? \_\_\_\_\_ If a partial year's funds are required, what portion of the year does it cover? \_\_\_\_\_

(3)

<b>Additional Annual Operating Cost Details:</b>	<b>State Non-Recurring</b>	<b>State Recurring</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Total Costs:</b>					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
<b>Total</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

I. Justification for First Full Year Additional Future Annual Operating Costs *(If Section H above represents a full year's operating funds, do not complete this section.)*

(1) Will additional annual operating costs be absorbed into your existing budget? \_\_\_\_\_

If not, will additional state funds be needed in the future? \_\_\_\_\_

If state funds will not be needed in the future, explain the source(s) that will be used. \_\_\_\_\_

(2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: \_\_\_\_\_

(3)

<b>Additional Annual Operating Cost Details:</b>	<b>State Non-Recurring</b>	<b>State Recurring</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Total Costs:</b>					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
<b>Total</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. Other Comments:

## FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

### I. 2% COST SAVINGS ASSESSMENT

- A. Agency Section/Code/Name: *Section 4/L12/John de la Howe School*
- B. Agency Activity Number and Name: *All Activities*
- C. Explanation of Cost Savings Initiative: *(1). Form a partnership with the Alumni Association to sponsor the agency's equestrian program; (2). partnering with an outside food vendor to set up an inventory system for the cafeteria; (3). agency centralize purchasing department; (4). maintenance staff will be provided training that they might internally repair agency's equipment; (5). entering maintenance contracts with vendors for those repairs that cannot be repaired by in-house maintenance staff.*
- D. Estimate of Savings:

<b>FY 2007-08 Cost Savings Estimates:</b>	<b>General</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>				
(a) Number of FTEs				0.00
(b) Personal Service				\$ 0
(c) Employer Contributions				\$ 0
Program/Case Services				\$ 0
Pass-Through Funds				\$ 0
Other Operating Expenses	\$80,596			\$80,596
<b>Total</b>	\$80,596	\$ 0	\$ 0	\$80,596

- E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):
- (1). *Forming a partnership with the agency's alumni association gives the alumni the satisfaction of knowing that they are giving back to the school that gave so much and meant so much to them.*
  - (2). *Partnering with an outside food vendor gives us better control of our food supplies, thus providing a better method of tracking and ordering.*
  - (3). *A centralized purchasing office will eliminate duplicate purchases.*
  - (4). *Training maintenance staff will save state dollars and eliminates wait time for outside vendor to arrive.*
  - (5). *Maintenance costs known in advance, very few unexpected charges.*

F.

Summary of Cost Savings Initiatives for FY 2007-08:	FUNDING				FTEs			
	General	Federal	Other	Total	State	Fed.	Other	Total
Initiative Title:	\$25,000	0	0	\$25,000	0	0	0	0.00
Activity Number & Name: <i>1118 Dietary</i>								
Initiative Title:	\$15,000	0	0	\$15,000	0	0	0	0.00
Activity Number & Name: <i>Centralized Purchasing</i>								
Activity Number & Name: <i>All Activities</i>								
Initiative Title: <i>Alumni Assoc.</i>	\$5,000	0	0	\$5,000	0	0	0	0.00
Activity Number & Name: <i>1114 Therapeutic Activities</i>								
Initiative Title: <i>Maintenance</i>	\$35,596	0	0	\$35,596	0	0	0	0.00
Activity Number & Name: <i>1117 Building &amp; Grounds</i>								
TOTAL OF ALL INITIATIVES	\$80,596	\$ 0	\$ 0	\$80,596	0.00	0.00	0.00	0.00



## FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

### II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

- A. Agency Section/Code/Name: Section 4/L12/John de la Howe School
- B. Agency Activity Number and Name: 1119 Garbage Pickup and Motor Vehicle Operations
- C. Explanation of Lowest Priority Status: *It is with much trepidation that activity number 1119, Garbage pick-up and Motor Vehicle Operation is identified as the lowest ranking activity.*
- D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
<b>Personnel:</b>						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	0	\$ 0
<b>Total</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

- D. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*): *It should be understood that, because John de la Howe School operates as lean and as efficiently as it does, the reduction or elimination of any activities would have a profound and pervasive impact on the agency's ability to continue to provide high quality, effective treatment to the children in its care. Alteration of any agency activity, including Number 1119, will result in two negative outcomes. First, the agency can expect an increase in operating costs as garbage pick-up and motor vehicle operations are outsourced to vendors that may not share John de la Howe School's commitment to sound fiscal*

*stewardship. Second, both campus and community-based services provided to children are likely to suffer as vehicle accessibility and availability issues arise as a result of dependence on an external source for vehicle maintenance, particularly given the isolated nature of the agency's physical location*

F.

[illegible]